

# **CITY of WAGONER**

## **FINANCIAL STATEMENTS** FOR THE YEAR ENDING JUNE 30, 2013



***Clothier & Company CPA's P.C.***

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City of Wagoner  
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June 30, 2013

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## **Independent Auditor's Report**

To the City Council  
City of Wagoner, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Wagoner, as of and for the years ended June 30, 2013, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages I through IX and 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Clothier & Company CPA's".

Clothier & Company, CPA's, P.C.  
March 3, 2014

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Wagoner, Oklahoma's financial performance provides an overview of the City's financial activities for the year ended June 30, 2013. Please read it in conjunction with the financial statements, which begin on page 2.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 2-3) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 4. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### ***Reporting the City as a Whole***

#### **The Statement of Net Assets and the Statement of Activities**

Our analysis of the City as a whole begins on page II. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets-the difference between assets and liabilities-as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities.

- Governmental activities - The City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's ambulance, water, sewer, sanitation, and electrical systems are reported here.

## ***Reporting the City's Most Significant Funds***

### **Fund Financial Statements**

The fund financial statements begin on page 4 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Economic Development Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like restricted sales tax). The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

- **Governmental funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements (page 6).
- **Proprietary funds** - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

### ***The City as Trustee***

The City is the trustee, or fiduciary, for the municipal court bond fund, and the penalty assessment fund. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **THE CITY AS A WHOLE**

For the years ended June 30, 2009, 2010, 2011, 2012 and 2013, net assets changed as follows:

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
Net assets June 30, 2009	8,438,877		12,140,596		20,579,473	
Change 2010	1,046,736	12.40%	860,033	7.08%	1,906,769	9.27%
Net assets June 30, 2010	9,485,613		13,000,629		22,486,242	

Change 2011	171,840	1.81%	461,812	3.55%	633,652	2.82%
Net assets June 30, 2011	9,657,453		13,462,441		23,119,894	
Change 2012	(423,176)	-4.38%	(94,454)	-0.70%	(517,630)	-2.24%
Net assets June 30, 2012	9,234,277		13,367,987		22,602,264	
Change 2013	562,127	6.09%	525,870	3.93%	1,087,997	4.81%
Prior period adjustment	72,698		0		72,698	
Net assets June 30, 2013	<u>\$9,869,102</u>		<u>\$13,893,857</u>		<u>\$23,762,959</u>	

That reflects an increase of 4.81% for Business-type activities and an increase of 6.09% for governmental activities for 2013 compared to the June 30, 2012 balance.

### **Governmental Activities**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues as if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

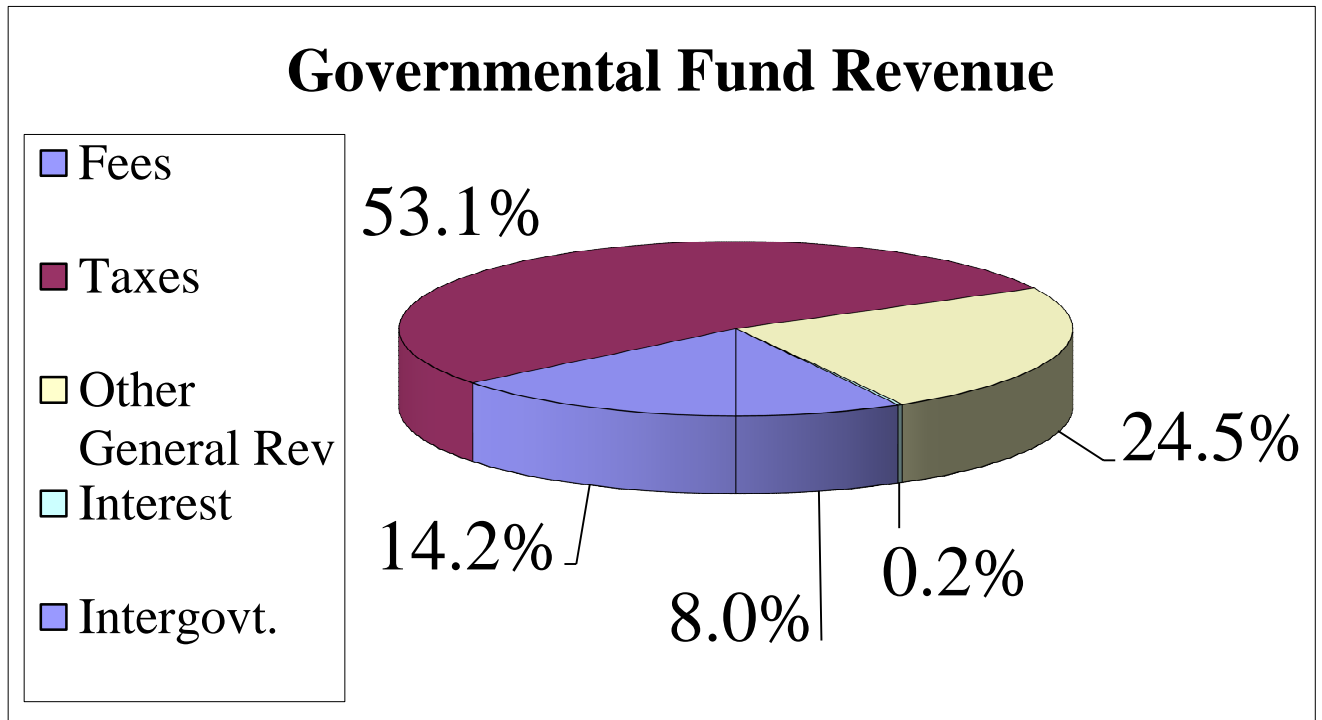
- General Government- Building permits, street permits, occupational licenses, and franchise fees.
- Police- Fines and 911 fees. More grants are categorized as operating grants.
- Fire- Outside city limits fire run charges
- Van Operations- Temporary assistance for needy families and van ride fees.
- Civic Center- Building rental
- Library- Fines; operating grants include e-rate and Oklahoma Department of Libraries.
- Cemetery- Grave opening/closing fees.
- Swimming Pool- Swimming admission and private parties.
- Community Building- Rental fees.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

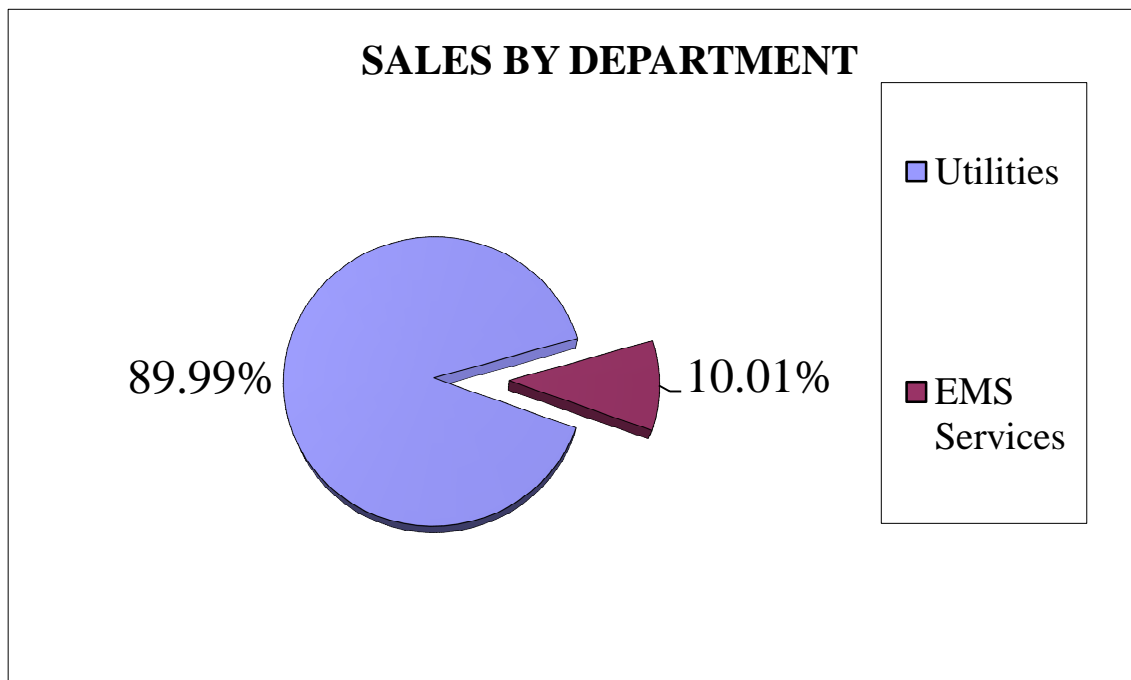
All departments have remained substantially the same from 2012 to 2013.



## Governmental Activities



## Business-type Activities



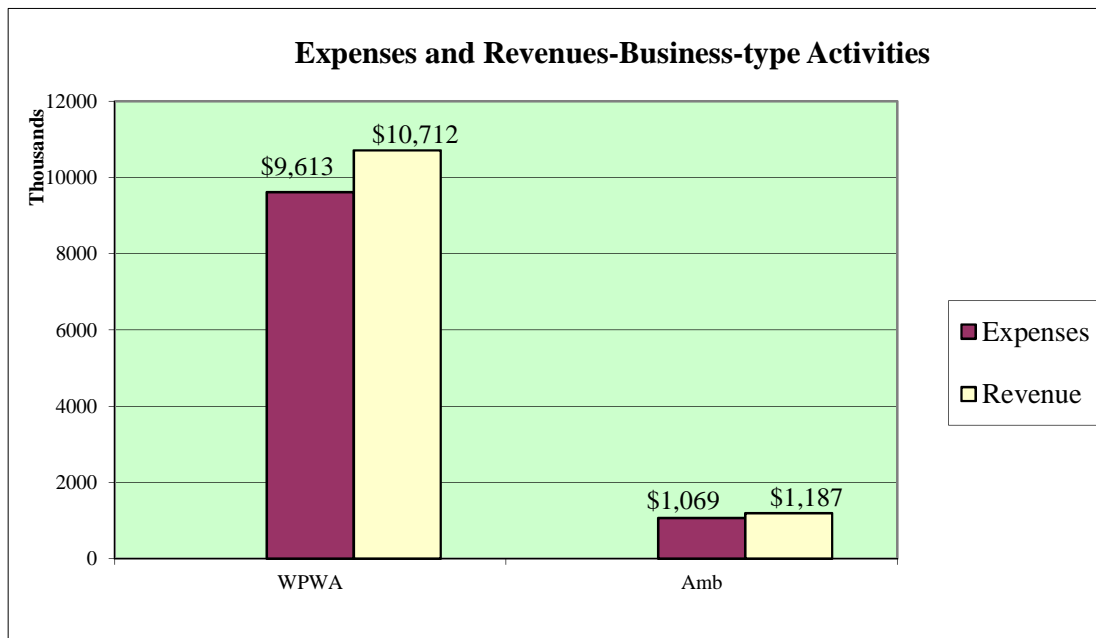
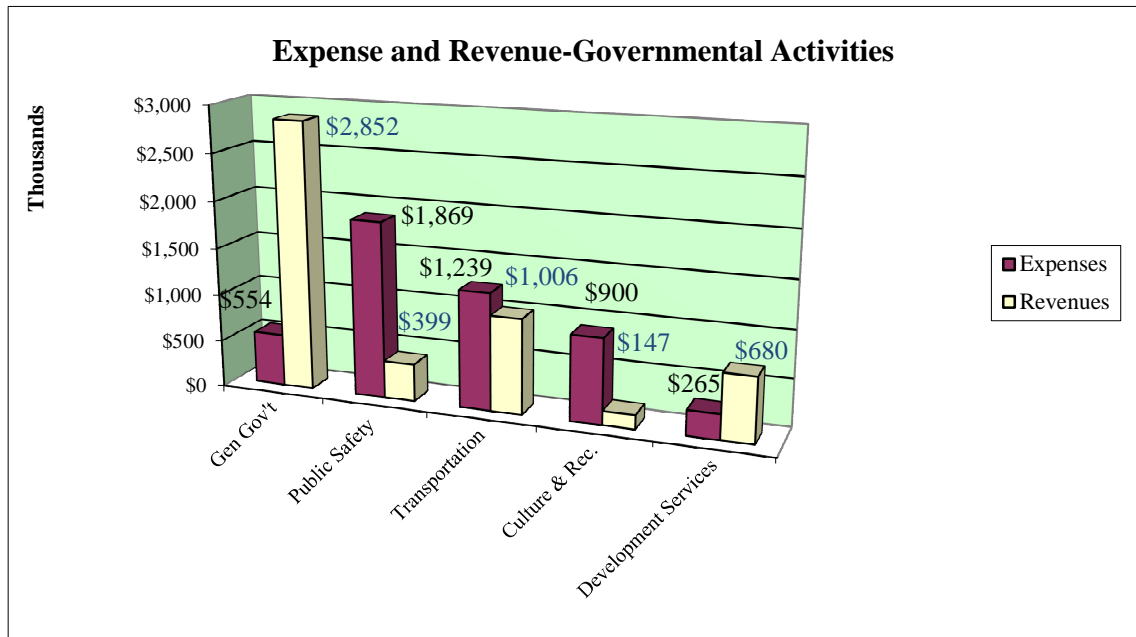
**THE CITY'S FUNDS**

The following presents a summary of governmental funds revenue and expenditures for the fiscal year ended June 30, 2013 and the amounts and percentages of change in relation to 2012.

	<u>2013</u>		<u>Increase</u> <u>(Decrease)</u>	
	<u>Amounts</u>	<u>%</u>	<u>Amounts</u>	<u>%</u>
<b><u>Revenue:</u></b>				
Taxes	\$2,701,635	53.13%	(\$57,250)	-2.08%
Intergovernmental	405,161	7.97%	\$42,878	11.84%
Charges for Services	345,204	6.79%	(\$287,807)	-45.47%
Fines & Forfeitures	305,105	6.00%	\$81,799	36.63%
Licenses & Permits	72,470	1.42%	\$5,770	8.65%
Transfers	0	0%	(\$591,102)	-100%
Interest	11,628	0.23%	(\$1,145)	-8.96%
Other General Rev.	<u>1,243,742</u>	<u>24.46%</u>	<u>\$1,245,740</u>	<u>100.16%</u>
Total Revenues	<u>\$5,084,945</u>	<u>100.00%</u>	<u>\$438,883</u>	
<b><u>Expenditures:</u></b>				
Current operating expenses	\$ 4,561,521	94.52%	\$ 195,690	4.48%
Capital outlay	<u>\$ 264,717</u>	<u>5.48%</u>	<u>(\$155,021)</u>	<u>-36.93%</u>
Total Expenditures	<u>\$ 4,826,238</u>	<u>100.00%</u>	<u>\$ 40,669</u>	

The following presents a summary of proprietary funds revenue and expenditures for the fiscal year ended June 30, 2013 and the amounts and percentages of change in relation to 2012.

	<u>2013</u>		<u>Increase</u> <u>(Decrease)</u>	
	<u>Amounts</u>	<u>%</u>	<u>Amounts</u>	<u>%</u>
<b><u>Revenue:</u></b>				
Utilities	\$10,665,576	89.99%	(\$147,113)	(1.36%)
Ambulance	1,186,974	10.01%	\$66,635	5.95%
Transfers In	<u>0</u>	<u>0%</u>	<u>(\$222,315)</u>	<u>(100%)</u>
Total Revenues	<u>\$11,852,550</u>	<u>100.00%</u>	<u>(\$302,793)</u>	
<b><u>Operating Expense</u></b>				
Utilities	\$9,613,403	89.99%	(\$772,974)	(7.44%)
Ambulance	1,068,812	10.01%	\$38,302	3.72%
Transfers Out	<u>0</u>	<u>0</u>	<u>\$507,766</u>	<u>100%</u>
Total Operating Expenses	<u>\$10,682,215</u>	<u>100.00%</u>	<u>(\$226,906)</u>	



## BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the budget several times. The following is a list of the major budget changes:

<u>Major Budget Changes</u>	<u>Amount</u>
<u>Revenue</u>	
CDBG Grant	141,000
Municipal Court Fines	6,250
Proceeds/Trf for Bucket Truck	109,006
Fire Dept Grant	4,484
Loan Proceeds AMR Project	25,500
<u>Expense</u>	
Street Dept. Supplies/Grant	141,000
Reliable Power Expense	-240,000
AMR Electric Meters	240,000
AMR Project	25,500
Air Bus & Renovation	4,484
Legal	6,250
Water Plant Reserve Fund	-280,000
Note Payments on Water Plant	280,000

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2013, the City had over \$ 37 million invested in capital assets including police and fire equipment, buildings, park facilities, roads, and water, sewer, and electric lines. (See table below.)

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>BOOK VALUE</u>
Governmental Funds	\$14,163,162	\$7,145,113	\$7,018,049
Emergency Medical Services	996,868	755,517	241,351
Wagoner Public Works Authority	22,235,190	9,514,566	12,720,624
	<u>\$37,395,220</u>	<u>\$17,415,196</u>	<u>\$19,980,024</u>

The City of Wagoner has a special sales tax that is for improvements to streets, fire department and water system. Each year the City of Wagoner repaves 40 blocks of asphalt with funds from the special sales tax as part of an on going street improvement program. In the current year the City of Wagoner began an extensive conversion to an automated meter reading system.

## Debt

At year-end, the Wagoner Public Works Authority & EMS had \$4,902,115 in long-term outstanding notes and capital lease compared to \$4,888,155 last year. That is a increase of .29%.

The City of Wagoner incurred debt to purchase a new fire truck in May of 2008. This debt will be serviced by the County of Wagoner and will not affect the City budgets.

	<b>Governmental Activities</b>		<b>Business-type</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Totals	\$ 60,572	\$96,065	\$ 4,902,115	\$ 4,888,155

Other obligations of the City include accrued compensated absences.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following projections are expected during the 2013/2014 year.

- Stipend bonuses were given to all eligible full time and part time employees in the amount \$500 & \$250 in lieu of across the board raises. Raises were given to some employees for receiving license upgrades.
- The WPWA will continue expanding the Wagoner Water Plant to meet new DEQ standards. The current cost estimate for the expansion is approximately \$7,710,000. The expansion is being funded by an increase in water revenues, as well as a low interest loan from OWRB. The existing OWRB water plant loan was refinanced resulting in an approximate overall gross savings of \$623,000.
- The WPWA will be finishing a \$1,034,000 project to transition to an Automated Meter Reading system in February 2014. It is estimated that operating and maintenance costs should be reduced by \$171,327 annually as a result of the system, as well as having the access to new technology. This project will be funded by a \$1,200,000 OWRB loan and water revenues.
- The Wagoner Airport is received a \$46,440 match grant from the Oklahoma Aeronautics Commission to go towards airport repairs and renovation. The matching portion of City funds were 10%.
- The City integrated the Animal Control Dept. into the Police Dept. The budgets are still separated, but will be combined the following fiscal year. Also, WPWA offices moved January 2014 into their new location at 100 S. Gertrude. Additional operation costs are expected to be incurred.

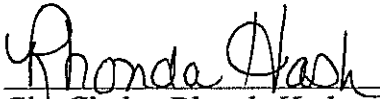
## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at 231 Church Street, Wagoner, OK.



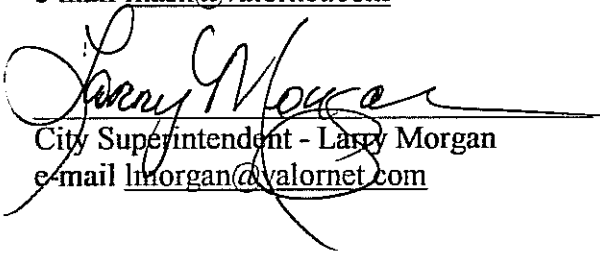
Accountant-Laura Gordon

e-mail [lduvallcityofwag@aol.com](mailto:lduvallcityofwag@aol.com)



City Clerk - Rhonda Hash

e-mail [rhash@valornet.com](mailto:rhash@valornet.com)



City Superintendent - Larry Morgan

e-mail [lmorgan@valornet.com](mailto:lmorgan@valornet.com)

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**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

For the Year Ending June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$2,982,474	\$4,449,240	\$7,431,714
Other receivables	224,809	485,901	710,710
Accounts receivable- trade	327	719,763	720,090
Internal balances	181,135	80,294	261,429
Inventory	0	514,613	514,613
Total Current Assets	3,388,745	6,249,811	9,638,556
Noncurrent Assets			
Depreciable capital assets, net	7,018,049	12,961,975	19,980,024
Restricted cash	0	1,682,225	1,682,225
Debt issue costs, net	0	135,709	135,709
Total Noncurrent Assets	7,018,049	14,779,909	21,797,958
	10,406,794	21,029,720	31,436,514
<b>LIABILITIES</b>			
Current Liabilities			
Accounts/encumbrances payable	281,213	1,282,868	1,564,081
Accrued interest	0	44,299	44,299
Accrued payroll and benefits	8,205	104,120	112,325
Accrued expenses	2,953	583,412	586,365
Current portion long-term debt	0	654,937	654,937
Internal balances	72,375	189,118	261,493
	364,746	2,858,754	3,223,500
Noncurrent Liabilities			
Compensated absense	112,374	0	112,374
Long-term debt	60,572	4,247,178	4,307,750
Total Liabilities	172,946	4,247,178	4,420,124
	537,692	7,105,932	7,643,624
<b>NET ASSETS</b>			
Invested in capital assets net debt	6,957,477	8,134,608	15,092,085
Restricted for deposits/debt	0	1,007,361	1,007,361
Restricted for other purposes	1,216,278	1,396,103	2,612,381
Unrestricted	1,695,347	3,385,716	5,081,063
Total Net Assets	\$9,869,102	\$13,923,788	\$23,792,890

See accompanying footnotes and independent auditors' report.



City of Wagoner

# GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ending June 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Function/Programs	Expenses	Charges for Services	Operating	Capital	Primary Government		Total
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government							
General government	\$956,576	\$105,292	\$1,401	\$0	(\$849,883)	\$0	(\$849,883)
Public Safety	1,741,232	393,798	5,359	0	(1,342,075)	0	(1,342,075)
Transportation	980,253	48,609	150,000	0	(781,644)	0	(781,644)
Culture and Recreation	804,039	83,720	63,465	0	(656,854)	0	(656,854)
Development Services	74,414	91,360	0	184,936	201,882	0	201,882
Total Governmental Activities	4,556,514	722,779	220,225	184,936	(3,428,574)	0	(3,428,574)
Business-type Activities:							
Utility	9,613,403	10,665,576	0	0	0	1,052,173	1,052,173
EMS	1,068,812	1,186,974	0	0	0	118,162	118,162
Total Business-type Activities	10,682,215	11,852,550	0	0	0	1,170,335	1,170,335
Total Primary Government	15,238,729	12,575,329	220,225	184,936	(3,428,574)	1,170,335	(2,258,239)
General Revenues:							
Sales Tax					2,346,831	0	2,346,831
Other Taxes					354,804	0	354,804
Investment Income					11,628	23,009	34,637
Other General Revenue					616,581	23,314	639,895
Transfers					660,857	(660,857)	0
Total General Revenue and Transfers					3,990,701	(614,534)	3,376,167
Change in Net Asset					562,127	555,801	1,117,928
Net Assets - Beginning of Year					9,306,975	13,367,987	22,674,962
Net Assets - End of Year					\$9,869,102	\$13,923,788	\$23,792,890

See accompanying footnotes and independent auditors' report.

City of Wagoner  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
For the Year Ending June 30, 2013

	<b>General Fund</b>	<b>Economic Dev. Fund</b>	<b>Street Sales Tax Fund</b>	<b>Non Major Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$1,338,002	\$1,274,875	\$0	\$369,597	\$2,982,474
Due From Other Funds	181,135	0	0	0	181,135
Due From Enterprise Fund	0	0	0	0	0
Sales Tax Receivable	112,404	37,476	74,929	0	224,809
Accounts Receivable	218	0	0	109	327
Total Assets	<u>\$1,631,759</u>	<u>\$1,312,351</u>	<u>\$74,929</u>	<u>\$369,706</u>	<u>\$3,388,745</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Accts/Encumbrances Payable	\$268,277	\$0	\$0	\$12,936	\$281,213
Accrued Expenses	2,953	0	0	65	3,018
Due to Other Funds	72,310	0	0	0	72,310
Accrued Wages/Benefits	8,205	0	0	0	8,205
Total Liabilities	351,745	0	0	13,001	364,746
<b>FUND BALANCE</b>					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	315,390	315,390
Committed	0	1,312,351	74,929	0	1,387,280
Assigned	268,277	0	0	85,078	353,355
Unassigned	1,011,737	0	0	(43,764)	967,973
Total Fund Balance	<u>1,280,014</u>	<u>1,312,351</u>	<u>74,929</u>	<u>356,704</u>	<u>3,023,998</u>
Total Liabilities and Fund Balance	<u>\$1,631,759</u>	<u>1,312,351</u>	<u>\$74,929</u>	<u>\$369,705</u>	<u>\$3,388,744</u>

See accompanying footnotes and independent auditors' report.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS**

For the Year Ending June 30, 2013

	<b>General Fund</b>	<b>Economic Dev. Fund</b>	<b>Street Sales Tax Fund</b>	<b>Non Major Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Sales Tax	\$1,135,095	\$403,993	\$807,743	\$0	\$2,346,831
Other Taxes	354,804	0	0	0	354,804
Investment Income	6,026	4,286	0	1,316	11,628
Other General Revenue	672,184	538,222	0	28,929	1,239,335
Fees and Permits	708,642	0	0	14,137	722,779
Operating Grants	197,461	0	0	22,764	220,225
Capital Grants	0	184,936	0	0	184,936
Total Revenues	<u>3,074,212</u>	<u>1,131,437</u>	<u>807,743</u>	<u>67,146</u>	<u>5,080,538</u>
<b>EXPENDITURES</b>					
General Government					
Personel Services	355,265	0	0	0	355,265
Materials and Supplies	47,574	0	0	402	47,976
Other Services and Charges	90,658	0	0	(124)	90,534
Capital Outlay	35,529	0	0	24,266	59,795
Public Safety					
Personel Services	1,415,887	0	0	0	1,415,887
Materials and Supplies	112,108	0	0	0	112,108
Other Services and Charges	156,258	0	0	0	156,258
Capital Outlay	148,908	0	0	35,903	184,811
Transportation					
Personel Services	340,065	0	0	0	340,065
Materials and Supplies	561,301	0	0	0	561,301
Other Services and Charges	64,880	0	0	0	64,880
Capital Outlay	26,964	245,309	0	0	272,273
Culture and Recreation					
Personel Services	400,909	0	0	0	400,909
Materials and Supplies	150,817	0	0	10,742	161,559
Other Services and Charges	174,881	0	0	34,621	209,502
Capital Outlay	50,048	73,253	0	5,100	128,401
Development					
Other Services and Charges	0	4,976	0	0	4,976
Capital Outlay	0	259,741	0	0	259,741
Total Expenditures	<u>4,132,052</u>	<u>583,279</u>	<u>0</u>	<u>110,910</u>	<u>4,826,241</u>
Excess of Revenue Over (Under) Expenditures	(1,057,840)	548,158	807,743	(43,764)	254,297
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	0		(809,452)	0	(809,452)
Transfers in	809,452	0	0	0	809,452
Total other financing sources (uses)	<u>809,452</u>	<u>0</u>	<u>(809,452)</u>	<u>0</u>	
Net Change in Fund Balance	(248,388)	548,158	(1,709)	(43,764)	254,297
Fund Balance - Beginning of Year	1,528,402	764,193	76,638	400,468	2,769,701
Fund Equity - End of Year	<u>\$1,280,014</u>	<u>\$1,312,351</u>	<u>\$74,929</u>	<u>\$356,704</u>	<u>\$3,023,998</u>

See accompanying footnotes and independent auditors' report.

**CITY OF WAGONER**  
**RECONCILIATION OF THE BALANCE SHEET AND THE**  
**STATEMENT OF NET ASSETS**  
**For the Year Ending June 30, 2013**

Fund Balance - total governmental funds	\$ 3,023,998
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Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental Capital Assets	14,163,161	
Less Accumulated Depreciation	<u>(7,145,112)</u>	7,018,049

Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds	(172,945)
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Expense reported in the current period for the governmental activities includes amounts accrued in the prior fiscal year but paid in this fiscal year and omits the amount accrued in this fiscal year but will be paid in the coming fiscal year	<u>0</u>
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Net Assets of Governmental Activities	<u><u>\$ 9,869,102</u></u>
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See accompanying footnotes and independent auditors' report.

**CITY OF WAGONER**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Net changes in fund balances-total governmental funds	\$ 254,297
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital assets recorded in the current period	710,829
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Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds	(438,535)
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Some expenses in the statement of activities do not require the use of current financial resources and therefor are not reported as expenditures in governmental funds.	<u>35,536</u>
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Change in net assets of governmental activities	<u><u>\$ 562,127</u></u>
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**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**

For the Year Ending June 30, 2013

		Business-type Activities-Enterprise Funds		
		Utilities	EMS	Totals
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents		\$4,150,294	\$298,946	\$4,449,240
Other receivables		11,642	474,259	485,901
Accounts receivable- trade		719,763		719,763
Internal balances		80,294	0	80,294
Inventory		514,613	0	514,613
Total Current Assets		<u>5,476,606</u>	<u>773,205</u>	<u>6,249,811</u>
Noncurrent Assets				
Depreciable capital assets, net		12,720,624	241,351	12,961,975
Restricted cash		1,682,225	0	1,682,225
Debt issue costs, net		135,709	0	135,709
Total Noncurrent Assets		<u>14,538,558</u>	<u>241,351</u>	<u>14,779,909</u>
		<u>\$20,015,164</u>	<u>\$1,014,556</u>	<u>\$21,029,720</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts/encumbrances payable		\$1,277,569	\$5,299	\$1,282,868
Accrued interest		42,017	2,282	44,299
Accrued payroll and benefits		89,922	14,198	104,120
Accrued expenses		583,412	0	583,412
Current portion long-term debt		598,341	56,596	654,937
Internal balances		142,093	47,025	189,118
		<u>2,733,354</u>	<u>125,400</u>	<u>2,858,754</u>
Noncurrent Liabilities				
Long-term debt		4,188,318	58,860	4,247,178
Total Liabilities		<u>6,921,672</u>	<u>184,260</u>	<u>7,105,932</u>
<b>NET ASSETS</b>				
Invested in capital assets net debt		8,008,713	125,895	8,134,608
Restricted for deposits/debt		1,007,361	0	1,007,361
Restricted for other purposes		1,275,348	120,755	1,396,103
Unrestricted		2,802,070	583,646	3,385,716
Total Net Assets		<u>\$13,093,492</u>	<u>\$830,296</u>	<u>\$13,923,788</u>

See accompanying footnotes and independent auditors' report.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS - PROPRIETARY FUNDS**

For the Year Ending June 30, 2013

	Business-type Activities-Enterprise Funds		
	Utilities	EMS	Totals
Operating Revenues:			
Charges for services	\$10,665,576	\$734,973	\$11,400,549
Water meter transfer	0	452,001	452,001
Total Operating Revenue	10,665,576	1,186,974	11,852,550
Operating Expenses:			
Expense	9,640,863	977,474	10,618,337
Depreciation	540,288	83,926	624,214
Total Operating Expenses	10,181,151	1,061,400	11,242,551
Operating Income	484,425	125,574	609,999
Non-operating expense	(93,110)	(7,412)	(100,522)
Non-operating income	36,460	9,864	46,324
Total Other Income	(56,650)	2,452	(54,198)
Changes in Net Position	427,775	128,026	555,801
Net Assets-Beginning of Year	12,665,717	702,270	13,367,987
Net Assets-End of Year	\$13,093,492	\$830,296	\$13,923,788

See accompanying footnotes and independent auditors' report.

City of Wagoner  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

For the Year Ending June 30, 2013

	Business-type Activities-Enterprise Funds		
	Utilities	EMS	Totals
Cash Flows From Operating Activities:			
Receipts from Customers	\$10,689,853	\$1,034,470	\$11,724,323
Payment to Suppliers	(8,023,222)	(240,193)	(8,263,415)
Payment to Employees	(1,587,798)	(728,801)	(2,316,599)
Net Cash Provided by Operations	1,078,833	65,476	1,144,309
Cash Flows From Noncapital Financing Activities:			
Other NonOperating Income	2,392	0	2,392
Interest Paid on Long Term Debt	(114,056)	(7,412)	(121,468)
Accounts Payable Affiliates	29,618	5,137	34,755
Transfers Out	0	0	0
Net Cash (Used) by Noncapital Financing Activities	(82,046)	(2,275)	(84,321)
Cash Flows From Capital and Related Financing Activities:			
Proceeds from Issuance of Debt	157,661	0	157,661
Increase in Debt issue costs.	(135,709)	0	(135,709)
Payment of Debt	(89,849)	(63,118)	(152,967)
Disposal of Asset	11,059	0	11,059
Purchase of Capital Assets	(370,139)	(29,931)	(400,070)
Net Cash (Used) by Capital and Related Financing Activities	(426,977)	(93,049)	(520,026)
Cash Flows From Investing Activities:			
Receipts of Interest and Dividends	24,830	9,864	34,694
Increase in Cash Reserve	(531,777)	0	(531,777)
Net Cash (Used) by Investing Activities	(506,947)	9,864	(497,083)
Net Increase in Cash and Cash Equivalents	62,863	(19,984)	42,879
Cash and Cash Equivalents at Beginning of Year	4,087,431	318,930	4,406,361
Cash and Cash Equivalents at End of Year	\$4,150,294	\$298,946	\$4,449,240
Reconciliation of Operating Income (Loss) to Net Cash			
Provided by (Used) Operating Activities:			
Operating Income (Loss)	\$484,426	\$125,574	\$610,000
Adjs to reconcile operating inc to net cash provided by operations:			
Add Depreciation Expense	540,288	83,926	624,214
(Increase) Decrease Current Assets			
(Increase) Decrease Receivables, net	33,541	(152,503)	(118,962)
(Increase) Decrease Inventories	(4,181)	0	(4,181)
(Increase) Decrease Prepaid expenses	4,438	0	4,438
Increase (Decrease) Current Liabilities			
Increase (Decrease) Accounts payable	(13,751)	(1,399)	(15,150)
Increase (Decrease) Accrued liabilities	109	9,878	9,987
Increase (Decrease) Other liabilities	33,963	0	33,963
Net Cash Provided by (Used in) Operating Activities	\$1,078,833	\$65,476	\$1,144,309
Interest Expense	\$324,666	\$7,412	\$332,078

See accompanying footnotes and independent auditors' report.



**STATEMENT OF FIDUCIARY NET ASSETS**

For the Year Ending June 30, 2013

	<b>PENALTY ASSESSMENT FUND</b>
<b>ASSETS</b>	
Cash and cash equivalent	\$ 5,403
Due from other funds	<u>2,978</u>
Total Assets	<u>\$ 8,381</u>
<b>LIABILITIES</b>	
Due to state agencies	<u>\$2,978</u>
Total Liabilities	2,978
<b>NET ASSETS</b>	
Held in trust	<u>5,403</u>
Total Liabilities and Net Assets	<u>\$ 8,381</u>

See accompanying footnotes and independent auditors' report.

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

For the Year Ending June 30, 2013

	<b>CHANGES IN NET ASSETS</b>	<b>PENALTY ASSESSMENT FUND</b>
<b>ADDITIONS</b>		
Penalty assessment received		\$ 30,486
	Total Additions	30,486
<b>DEDUCTIONS</b>		
Penalty assessment sent to state		30,486
	Total Deductions	30,486
	Change in Net Assets	0
Net Assets - July 1, 2012		5,403
Net Assets - June 30, 2013		\$ 5,403

See accompanying footnotes and independent auditors' report.

CITY OF WAGONER  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ending June 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The City of Wagoner, Oklahoma operates under an aldermanic form of government. The Chief Executive Officer of the City is the Mayor. The legislative function is performed by a Board of Trustees. The City's major operations include the following services as authorized by Oklahoma Statute: public safety (police and fire), highway and streets, culture and recreation, public improvements, planning and zoning and general administrative services. The accompanying basic financial statements conform to accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the City considers revenues to be available if they are collected.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City is discussed below.

In accordance with GASB Statement No. 34-*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The effects of inter-fund activity, within the governmental and business-type activities columns, have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Accounting**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

## CITY OF WAGONER

The *Government-Wide Statement of Net Assets* presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- *Invested in capital assets*, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. It is the City's policy to first utilize restricted resources to finance qualifying activities.
- *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The *Governmental Funds Balance Sheet* present the City's non-fiduciary and non-proprietary assets and liabilities, with the difference reported as fund balance. Fund balance is reported in five categories:

- *Non-spendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* are reported as restricted when constraints placed on the use of resources are either:
  - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - Imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balances* are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- *Assigned fund balances* are amounts that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed.
- *Unassigned fund balance* is the residual classification for the general fund that represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the general fund.

### Governmental Funds

- a. General Fund - The General Fund is the City's primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Restricted Sales Tax Fund - The Restricted Sales Tax Fund (Street Fund) accounts for revenues derived from specific taxes or other earmarked revenue sources. The Restricted Sales Tax Fund is a special revenue fund used to account for revenue from a special sales tax that is to be used for street improvements and maintenance, safety equipment and fire plugs, and the extension and maintenance of water and sewer lines as set forth in Ordinance 565. The revenue received for the Special Sales Tax Fund totaled \$809,451 for the year ended June 30, 2013. This money along with unspent funds from the prior year were deposited in the General Fund and allocated toward the current expenses as required.

#### Restricted Sales Tax Expenditures Allocation:

Street Department	Maintenance	\$	285,782
	Capital Outlay		26,964
Fire Department	Maintenance		26,131
	Capital Outlay		4,271
Economic Development Fund	Maintenance		0
	Capital Outlay		466,303
		\$	<u>809,451</u>

- c. Wagoner Cemetery Reserve Fund - A fund used to segregate accounts to be used for future land purchases for the cemetery to expand.

## CITY OF WAGONER

- d. Municipal Court Fund – A fund used to collect fines and fees for the City. These fines are transferred to the general fund monthly.
- e. Economic Development Fund – A fund used to collect one half of the proceeds from one cent of the City's Sales Tax used to develop and fund an economic development program for the City.

### Basis of Accounting

Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The "modified cash" basis is used by the City of Wagoner to recognize revenues and expenditures. Revenues must be "available"-- that is, collected within the period and available to pay liabilities incurred for expenditures of the period. Expenditures--for operations, capital outlay, and debt service--are recognized (1) when operating or capital outlay liabilities to be paid from governmental - type funds are encumbered and (2) when "general government" debt service (principal and interest) payments on long-term debt are due.

### Proprietary Fund Accounting

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City.

### Enterprise Funds

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Enterprise funds distinguish operating revenues and expenses from non operating items. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The enterprise funds for the City are:

#### 1) Gross Revenue Fund

The Gross Revenue Fund (Utility) accounts for the activities of the Wagoner Public Works Authority in much the same way that a private business would account for its activities. The intent of which being that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Authority provides electric service, water service, sewer service, and refuse collections for the residents of Wagoner, Oklahoma.

#### 2) Ambulance Fund

The Ambulance Fund (EMS) is a separate enterprise fund with the main goal of providing emergency ambulance service to the citizens residing in the City of Wagoner and the surrounding area. Cost incurred by the Ambulance Fund are recovered in part by a per month assessment per water meter and by revenues received from ambulance runs.

### Basis of Accounting

Wagoner Public Works Authority and EMS utilizes the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses when incurred. The Authority and EMS have adopted a policy of applying expenditures to restricted resources first when both restricted and unrestricted net assets are available.

### Fiduciary Funds

The City records reserves to indicate that certain funds are legally segregated for a specific future use. Following is a fiduciary fund used by the City and a description:

## CITY OF WAGONER

Penalty Assessment Fund – An account used to collect the state’s portion of fines. They are sent to the state monthly.

### Budgets and Budgetary Accounting

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- In accordance with Oklahoma Statutes, prior to June 1, the City Superintendent submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. Oklahoma Statute requires that the budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head-function level.
- Public hearings are conducted to obtain taxpayer comment.
- Prior to June 30, the budget is legally enacted through passage of an ordinance.

The City Clerk is required to present a monthly report to the City Council showing any variance from the approved budget. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with budget laws of the state of Oklahoma. Appropriations lapse at the end of each fiscal year.

The City Council may authorize supplemental appropriations during the year. No supplemental appropriations may be made until the revenue has exceeded the amount estimated in the original budget, or from cash reserves that existed at the beginning of the fiscal year.

### Cash and Cash Equivalents

The City has a policy that deposits can include demand and savings accounts and certificates of deposits. The City’s custodial credit risk policy is to only allow the City to use banks that are in the State of Oklahoma. The State of Oklahoma requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits.

Funds held in reserve are not considered to be part of cash.

### Investments

Investments are stated at cost or amortized cost, which approximates market.

### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

<u>Description</u>	<u>Method</u>	<u>Estimated Useful Life</u>
Building and improvements.....	Straight-line.....	40 Years
Vehicles.....	Straight-line.....	5 Years
Electric, sewer & water systems & improvements.....	Straight-line.....	40 Years
Equipment.....	Straight-line.....	10 Years

### Inventories

Inventories are stated at fair market value. Inventory consists of repair and maintenance parts used for the utility grid of Wagoner Public Works Authority. A physical inventory is taken at the end of the year. The costs of governmental fund-type inventories are primarily recoded as expenditures when purchased rather than when consumed.

**CITY OF WAGONER**  
**Compensated Absences**

A total of 240 hours vacation may be accumulated by each employee and carried over to the next year. Accrued vacation is recorded as a liability of the City. The City currently has accrued vacation of General Government \$112,374, EMS \$10,435 and Public Works \$87,955. When an employee is terminated or quits, accumulated vacation is paid.

The maximum sick leave that can be accrued is 800 hours. The City will pay \$25 for each accrued sick leave day, to the maximum of 100 days at either: death, disability retirement, retirement at age 65 or older, or early retirement age 55 or older, plus 10 years of continuous service. At June 30, 2013 the City had unrecorded sick leave of \$269,751, EMS \$16,398, and \$211,188 for the Public Works Authority. Accumulated sick leave pay is not paid at termination of employment and is therefore not included as a liability of the City in the financial statements.

**NOTE 2 - GARBAGE DISPOSAL CONTRACT**

The City has contracted with an independent third party for its garbage pickup and disposal. Under terms of the agreement the City receives 50 cents per customer per month for maintaining the billings and accounts receivable related to the service. The balance of the payment is remitted to the contracting party.

**NOTE 3 - CONCENTRATIONS OF CREDIT RISK**

The City of Wagoner and the Wagoner Public Works Authority maintain their cash accounts in three banks located in Oklahoma. Interest bearing accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. CD's are also guaranteed by FDIC up to \$250,000. Non interest bearing accounts are insured up to the full balance of the account by the FDIC. A summary of the total insured and uninsured cash balances as well as collateral receipts and letters of credit are as follows:

	American Bank	First Bank & Trust	TOTALS
<b>Cash in Bank</b>			
City of Wagoner	2,606,333	680,348	3,286,681
Wagoner Public Works Authority	381,000	3,767,794	4,148,794
Total	2,987,333	4,448,142	7,435,475
<b>FDIC</b>	(500,000)	(500,000)	(1,000,000)
<b>Pledged Receipts</b>			
BOK	(2,470,000)	0	(2,470,000)
FHL Bank LOC	0	(5,650,000)	(5,650,000)
(Over) Under	17,333	(1,701,858)	(1,684,525)

All safekeeping receipts are issued in the name of the City of Wagoner's treasurer.

**NOTE 4 - ECONOMIC DEPENDENCY**

The Wagoner Public Works Authority is dependent on the Grand River Dam Authority (G.R.D.A.) for their purchase of electricity used for re-sale. For the year ended June 30, 2013, the Wagoner Public Works Authority purchased \$4,950,684 worth of electricity from G.R.D.A.

## CITY OF WAGONER

**NOTE 5 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2013, was as follows:

	Balance 6/30/2012	Additions/ Deletions	Accumulated Depreciation	Balance 6/30/2013
General Government	2,424,985	261,735	(1,061,372)	1,625,348
Municipal Court	24,718	0	(24,718)	0
Police Department	912,883	125,543	(769,834)	268,592
Fire Department	1,465,323	2,569	(982,815)	485,077
Inspection/Code Enforcement	2,810	0	(2,189)	621
Animal Control	14,471	1,384	(6,159)	9,696
Street Department	3,645,921	12,955	(1,910,934)	1,747,942
Airport	1,014,904	245,309	(381,927)	878,286
City Van Service	69,543	0	(69,543)	0
Park Department	1,061,594	1,519	(547,767)	515,346
Library	1,502,265	3,988	(696,207)	810,046
Cemetery	344,536	23,673	(172,277)	195,932
Museum	118,522	0	(75,048)	43,474
Community Building	67,232	0	(38,417)	28,815
Civic Center	660,824	16,690	(366,725)	310,789
UNARCO	69,951	0	(19,179)	50,772
Ametek/Prestolite	67,315	0	(20,002)	47,313
	<u>13,467,797</u>	<u>695,365</u>	<u>(7,145,113)</u>	<u>7,018,049</u>
Ambulance	966,937	29,931	(755,517)	241,351
Water & Sewer Systems	11,282,138	237,352	(5,203,654)	6,315,836
Electric System	3,806,087	715,316	(2,611,599)	1,909,804
Inventory Control	125,892	0	(65,078)	60,814
Water Park	1,036,300	0	(407,736)	628,564
Water Plant	4,846,867	129,830	(1,191,765)	3,784,932
Shop	52,420	2,988	(34,734)	20,674
	<u>22,116,641</u>	<u>1,085,486</u>	<u>(9,514,566)</u>	<u>12,961,975</u>
Total	<u>35,584,438</u>	<u>1,780,851</u>	<u>(16,659,679)</u>	<u>19,980,024</u>

**NOTE 6 –ACCOUNTS RECEIVABLE**

As of June 30, 2013, the City of Wagoner had accounts receivable in the following amounts:

## Governmental Activities:

## Sales Tax Receivable:

General Fund	\$	112,404	
Street Fund		74,929	
Economic Development Fund		<u>37,476</u>	224,809

## Business-type Activities:

EMS Fund	541,065	
Less: Allow. for Doubtful Acct.	<u>(66,806)</u>	474,259
Wagoner Public Works Authority	814,478	
Less: Allow. for Doubtful Acct.	<u>(94,715)</u>	719,763
Total Accounts Receivable		<u>\$ 1,418,831</u>



## CITY OF WAGONER

**NOTE 7 - ACCOUNTS RECEIVABLE & PAYABLE – AFFILIATED**

Inter-fund receivables and payables are balances owed to and from funds within the City of Wagoner. The balances are held as current assets on their respective balance sheets.

	Wagoner Public WA	Meter Fund	City Gen Fund	Disbursmnt Fund	Municipal Court	EMS	Penalty Assessmnts
Meter Fund	7	0	0	0	0	0	0
City of Wagoner GF	72,310	0	0	102,294	0	(21,041)	0
EMS Fund	7,977	0	21,041	18,007	0	0	0
Disbursements Fund	(142,086)	0	(102,294)	0	0	(18,007)	0
Wagoner Public WA	0	(7)	(72,310)	142,086	0	(7,977)	0
Municipal Court Fund	0	0	0	0	0	0	2,978
Penalty Assessment	0	0	0	0	(2,978)	0	0
Total	(61,792)	(7)	(153,563)	262,387	(2,978)	(47,025)	2,978

**NOTE 8 - TRANSFERS**

Funds regularly transfer money to other funds. During the year ended June 30, 2013 the following transfers were made between funds included in the City of Wagoner and Wagoner Public Works Authority:

		Transfers In	Transfers Out	Total
Gen Govt	From WPWA	(565,727)	0	(565,727)
	From WPWA for Utilities	(95,130)	0	(95,130)
	To Street Fund	0	809,452	809,452
	Cap Outlay to Acct Grps	0	220,055	220,055
STREET	From Gen. Govnt.	(809,452)	0	(809,452)
EDF	To Account Group-C.O.	0	452,301	452,301
	To Non-Major	0	37,000	37,000
NON-MAJ	To Account Group-C.O.	0	35,903	35,903
	From EDF	(37,000)	0	(37,000)
WPWA	To City for Operations	0	565,727	565,727
	To City for Utilities	0	95,130	95,130
	To EMS for Utilities	0	461,865	461,865
EMS	From WPWA for Utilities	(9,864)	0	(9,864)
	From WPWA Billed Fees	(452,001)	0	(452,001)
Acct Grps	Cap Outlay from GenFund	(255,958)	0	(255,958)
	Cap Outlay from EDF	(452,301)	0	(452,301)
		<u>(2,677,433)</u>	<u>2,677,433</u>	<u>0</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the appropriate fund as the debt service payments become due, (3) use restricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations. The transfer revenues are included in other general revenue and the transfer expenses are included in other services and charges.

## CITY OF WAGONER

### NOTE 9 – RELATED PARTY ACTIVITIES

The following expenditures were made to related parties which are governed by separate boards and are not included in the City of Wagoner financial statements:

EDF to Wagoner Chamber of Commerce	\$ 15,000
EDF to Wagoner Industrial Development Authority	<u>64,975</u>
Total	<u>\$ 79,975</u>

In October of 2006 the Wagoner Hospital Authority changed from an organization holding real property for lease to an operating hospital, with a multi-million dollar budget. The new operations required a substantial increase in working capital to fund payroll and other monthly operating expenses. As part of the transition, The City cosigned a note for the Authority for a \$3,000,000 line of credit to provide the needed working capital. The City paid a portion of the interest on the note however in 2013 the Hospital Authority has taken over payment of all of the interest.

### NOTE 10 – NOTES PAYABLE

#### Governmental Funds:

The Government-Wide Statement of Net Assets includes \$112,374 in accrued compensated absences at June 30, 2013, which is included in the long term debt group of accounts.

In May 2008 the City of Wagoner acquired a loan with American Bank, Wagoner, Oklahoma, in the sum of \$219,520 on behalf of Wagoner County. The loan was for the purpose of purchasing a 2007 HME fire truck. The payments for the truck are made by the County of Wagoner. The balance of the note on June 30, 2013 is \$60,572.

#### Business-Type Activities:

**OWRB 2008 Stimulus Loan**-On September 15, 2009 the Wagoner Public Works Authority signed a promissory note with the Oklahoma Water Resources Board in the sum of \$1,200,000. The purpose of this promissory note is to construct improvements to the water system of Wagoner Public Works Authority. Interest is to accrue at the rate of 2.55% per annum plus an administrative fee of 0.5% per annum. The loan is carried on the books of Wagoner Public Works Authority net of debt forgiveness credits applied through the American Recovery and Reinvestment Act. The net beginning balance of the loan was \$780,847. Payments are remitted semi-annually every March and September 15th. The Authority has pledged and assigned the revenues and receipts derived from the operations of water, sanitary, sewer, solid waste management and electric systems as security.

**OWRB Water Plant Loan**-On May 3, 2005, the Wagoner Public Works Authority signed a promissory note with the Oklahoma Water Resources Board in the sum of \$4,635,000. The purpose of this promissory note was the conversion from a note bearing a variable rate of interest to one bearing a fixed rate of interest. Interest is to accrue at the rate of 3.795% per annum. Prior to this note the interest rate was determined by OWRB every six months. The Authority has pledged and assigned the revenues and receipts derived from the operations of water, sanitary sewer, solid waste management, and electric systems as security. The Bonds issued by OWRB for funding of this loan will be called on October 1, 2014. On August 27, 2012 Wagoner Public Works Authority refinanced this loan with a new loan from OWRB.

On August 27, 2012 the Wagoner Public Works Authority signed a 10year promissory note with the Oklahoma Water resources Board in the sum of \$4,250,000. The purpose of this promissory note was the refinancing of the May 3, 2005 loan described above. Interest is to accrue at an average fixed rate of 2.99%. The Authority has pledged and assigned the revenues and receipts derived from the operations of water, sanitary sewer, solid waste management, and electric systems as security. The following summarizes the refinancing:

Principal balance of new loan	\$4,250,000
Original issue premium (OIP)	182,352
Debt defeasance costs (DDC)	<u>(460,707)</u>
Net proceeds of new debt	<u>\$3,997,145</u>

Debt defeasance costs include a payoff premium on the old loan and a deposit to cover the payment of interest on the old loan from August 27, 2012 to October 1, 2014.

## CITY OF WAGONER

In addition to the Debt defeasance cost Wagoner Public Works Authority incurred debt issuance costs of \$158,828., which are made up of a) OWRB Administrative Fees of \$13,470, b) Underwriter's Discount of \$16,658, c) Legal and professional fees of \$108,315 and d) other costs of \$20,385.

Both the debt defeasance costs and the debt issuance costs are deferred and amortized over the life of the new debt using the effective interest method. Debt payable is reported net of the applicable premium and debt defeasance costs. Amortization for the current year was \$26,542 for OIP and \$67,058 for DDC, for a net increase in interest of 40,516.

The new debt calls for monthly payments of \$54,186, which is \$27,480 more than the monthly payments of \$26,706 called for on the old debt.

**OWRB 2012a Loan-** On November 15, 2012, the Wagoner Public Works Authority signed a promissory note with the Oklahoma Water Resources Board in the sum of \$1,200,000. The purpose of this promissory note was the construction of improvements to the drinking water system. Interest is to accrue at the fixed rate of 2.17% per annum inclusive of administrative fees of one half of one percent. The Authority has pledged and assigned the revenues and receipts derived from the operations of water, sanitary sewer, solid waste management, and electric systems as security. Semi-annual payments of principal, interest and administrative fees to be paid directly to OWRB's trustee bank. The first payment is due September 15, 2013. At June 30, 2013 \$25,500 for legal fees related to the loan was due and no funds had been drawn for construction.

**Bucket Truck Loan-** On October 10, 2011 the Wagoner Public Works Authority signed a promissory note with American Bank in the sum of \$58,000. The purpose of the note was to acquire an F550 Ford Aerial Lift Truck. The truck is pledged as collateral. The note was repaid in a single payment with interest on 10/11/12.

On February 28, 2012 the City of Wagoner refinanced a promissory note with First Bank & Trust Company in the sum of \$169,308. Interest is to accrue at a rate of 4% per annum, and to be repaid in three annual installments of 48,002 beginning on September 3, 2011, and one final payment consisting of the full amount of principal and accrued interest remaining due September 3, 2014.

	Notes Payable			
	Balance 6/30/2012	Proceeds	Principal Payment	Balance 6/30/2013
OWRB Note 5/03/05	3,880,000	0	3,880,000	0
OWRB Note 10/06/09	780,847	0	31,849	748,998
American F550 Aerial 4/30/12	58,000	0	58,000	0
OWRB Note 2012A	0	25,500	0	25,500
OWRB Note 08/29/12	0	4,250,000	0	4,250,000
OWRB Note 8-29-12 OIP	0	182,352	26,542	155,810
Debt Defeasance Costs	0	(460,707)	(67,058)	(393,649)
FTB Ambulance	169,308	0	53,852	115,456
	4,888,155	3,997,145	3,983,185	4,902,115

The following is a schedule of debt service payments due:

	Current Maturities	Debt Service
2014	654,937	774,761
2015	592,725	703,243
2016	549,864	646,880
2017	391,007	479,955
2018	397,129	397,129
2019-2023	2,183,688	2,452,624
2024-2028	132,765	139,884
Total	4,902,115	5,594,476

## CITY OF WAGONER

**NOTE 11 - USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

**NOTE 12 – NET ASSETS**

<b>Government-wide Funds</b>	<b>Governmental</b>	<b>Business- Type</b>	<b>Total</b>
Capital Assets, Net (Note 5)	7,018,049	12,961,975	19,980,024
OWRB 2005 & 2009 Notes	0	(4,131,722)	(4,131,722)
American Bank, Co-Signatory County Fire Dept	(60,572)	0	(60,572)
First National Bank, Ambulance Note	0	(115,456)	(115,456)
Investment in Capital Assets, net of related debt	6,957,477	8,714,797	15,672,274
Net Assets Restricted for: Other Purposes			
Debt Service	0	135,709	135,709
Cash and CD's	0	1,682,225	1,682,225
Compensated Absences	112,374	-	112,374
Encumbrances & Accounts Payable	268,277	1,282,868	1,551,145
Non Major Restricted: Court, Ins Resv, Cemetery	270,177	0	270,177
Sales Tax EDF Net Assets	403,993	0	403,993
Street Fund Net Assets	74,929	0	74,929
Fall, Christmas and 4th July	86,528	0	86,528
Restricted for Other Purposes	1,216,278	3,100,802	4,317,080
Total Invested/Restricted Net Assets:	\$8,173,755	\$11,815,599	19,989,354
Total Unrestricted Net Assets:	1,695,347	2,108,189	3,803,536
Total Net Assets	9,869,102	13,923,788	23,792,890

<b>Governmental Funds</b>	<b>General Fund</b>	<b>Economic Development Fund</b>	<b>Street Sales Tax Fund</b>	<b>Non Major Fund</b>	<b>Total Governmental Funds</b>
Restricted: Non Major Funds					
Court	0	0	0	18,758	18,758
Insurance Reserve	0	0	0	248,299	248,299
Cemetery Fund	0	0	0	48,333	48,333
Restricted: Total	0	0	0	315,390	315,390
Committed: Total	0	1,312,351	74,929	0	1,387,280
Assigned:					
Accts Payable, Accrued Exp.	268,277	0	0	0	268,277
Fall Festival	0	0	0	10,336	10,336
Christmas Festival	0	0	0	23,241	23,241
Fourth of July	0	0	0	51,501	51,501
Assigned: Total	268,277	0	0	85,078	353,355
Unassigned: Total	1,011,737	0	0	(43,764)	967,973
Total Governmental Funds	1,280,014	1,312,351	74,929	356,704	3,023,998

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

## CITY OF WAGONER

### NOTE 13 - RETIREMENT PLANS

Each qualified employee is included in one of two retirement plans in which the City participates. These are the Pooled Funding Group Annuity Contract, and Oklahoma Firefighters' Pension Fund. The City does not maintain the accounting records, hold the investments or administer the firefighters' plan. The firefighters' plan is a statewide system administered by the State of Oklahoma. The Pooled Funding Group Annuity Contract is administered by New York Life Investment Management LLC who also has custody of the assets.

A summary of significant information for each of the retirement plans follows:

#### A. Pooled Funding Group Annuity Contract:

**Plan Description** -The City contributes to the Pooled Funding Group Annuity Contract, ("Plan") which is a cost-sharing multiple employer defined contribution pension plan. The Plan was established by the City in accordance with the City Charter and State statutes. All full-time employees of the City and related agencies, except employees covered under the pension program established for firefighters, are eligible to participate in the system. The Plan covers two participating entities, the City of Wagoner and the Wagoner Public Works Authority. Administrative costs of the Plan are paid by the City of Wagoner and Wagoner Public Works Authority. The Plan issues a stand-alone financial report and is not included in the report of a public employee retirement system or the report of the City. The underwriter for the City's retirement plan is the New York Life Insurance Company. Terms of the retirement plan are as follows:

- The City pays into the fund an amount equal to 8% of each employee's base salary.
- An employee must be employed by the City a minimum of three years to be eligible to draw partial retirement.
- Amounts paid in for employees who terminate their employment with the City and have been employed by the City for less than three years, are distributed equally among all employees still in the retirement plan.
- An employee is eligible for full retirement at the end of seven years of service.

#### B. Oklahoma Firefighters' Pension:

**Plan Description** -Members of the City's Fire Department are covered by the Oklahoma Firefighters' Pension and Retirement System, (the "Firefighters' System") which is a statewide cost sharing multiple-employer defined benefit plan established by the State of Oklahoma that provides participants with retirement, death and disability benefits, and a deferred option plan. All full-time firefighters who are hired before age 45 are eligible to participate in the Firefighters' System. Participants become vested upon completing ten years of credited service as a contributing participant of the Firefighters' System. Any participant who completes 20 years of credited service, regardless of age, is entitled to pension payments equal to 50% of the member's final average compensation. The Oklahoma State Legislature has the authority to grant percentage increases or special one-time payments to persons receiving benefits from the System, and is required by statute to make appropriations as necessary to insure that benefit payments are made.

The Firefighters' System issues a stand-alone financial report which can be obtained from the Oklahoma State Firefighters' Retirement Board at 4545 North Lincoln Boulevard, Suite 265, Oklahoma City, Oklahoma 73105.

**Contributions:** Members of the Firefighters' System are required to pay 5% of their covered compensation to the pension plan. The City makes a contribution of 13% of the members' covered compensation to the system as required by state statute. The total contribution to the Firefighters' System made by the City for the current year amounted to \$38,650.

### NOTE 14 – CONTINGENT LIABILITY

As of June 30, 2013 The Wagoner Public Works Authority is guarantor on two loans for the Wagoner Hospital Authority. Both loans are made with First Bank & Trust Company in Wagoner, Oklahoma for the amount of \$3,000,000 and \$500,000 respectively. The City of Wagoner maintains an agreement with. Wagoner Public Works collateralizes the note with its receipts and assets. As of June 30, 2013 there does not appear to be a reasonable probability the Wagoner Hospital Authority will default and the Wagoner Public Works will become liable for the balance.

### NOTE 15 – PRIOR PERIOD ADJUSTMENT

In prior years for the government-wide financial statements adjustments had been made to internal balances that should have been to transfers, this was corrected in the current year and changed the fund balances by \$72,698 in the government-wide financial statements.

CITY OF WAGONER

**NOTE 16 – SUBSEQUENT EVENT**

Wagoner Public Works Authority has planned improvements and expansion of the existing water plant facilities over the next several years. The work is mandated in a report from the Department of Environmental Quality and will be performed by HUB Engineering as the primary contractor. The current cost estimate to complete the project is \$7,000,000 and will be financed through a loan from the Oklahoma Water Resources Board.

Subsequent Events have been evaluated through February 27, 2014, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.



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**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.**

To the City Council  
The City of Wagoner  
Wagoner, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Wagoner, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 3, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Wagoner's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Wagoner's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing in internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Clothier & Company CPA's".

Clothier & Company, CPA's, P.C.

March 3, 2014



## **Required Supplemental Information**

City of Wagoner  
**BUDGET TO ACTUAL COMPARISON**  
June 30, 2013

<u>GENERAL FUND</u>	<u>ANNUAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>Revenue Summary</b>				
	\$ 5,000,225	\$ 5,000,225	\$ 5,159,742	\$ (159,517)
Adjustments	0	0	(79,204)	(79,204)
Total Revenue	5,000,225	5,000,225	5,080,538	(238,721)
<b>Expenditure Summary</b>				
General government	947,225	947,225	1,241,984	(294,759)
Public Safety	1,906,539	1,906,539	1,848,089	58,450
Transportation	1,214,818	1,214,818	993,208	221,610
Culture and Recreation	908,643	908,643	826,236	82,407
Development	23,000	23,000	319,723	(296,723)
Total Expenditures	5,000,225	5,000,225	5,229,240	(229,015)
Reclass to Fixed Assets	0	0	(710,829)	710,829
Total Adjusted Expenditures	5,000,225	5,000,225	4,518,411	481,814
Excess of Revenue Over (Under) Expenditures	0	0	562,127	(720,535)

	<u>EMS</u>			
<b>Revenue Summary</b>	\$ 1,271,184	\$ 1,271,184	\$ 1,044,280	226,904
Adjustment to Receivable and Allowance, net	0	0	152,558	(152,558)
Total Revenue	1,271,184	1,271,184	1,196,838	74,346
<b>Expenditure Summary</b>				
Personel Services	792,800	792,800	738,680	54,120
Materials and Supplies	124,000	124,000	123,378	622
Other Services and Charges	141,700	141,700	110,575	31,125
Capital Outlay	212,684	212,684	125,661	87,023
	1,271,184	1,271,184	1,098,294	172,890
Adjustments to Expenditures				
Loan Principal			(53,851)	53,851
Reclass to Fixed Assets	0	0	(29,626)	29,626
Depreciation Expense	0	0	83,926	(83,926)
Total Expenditures	1,271,184	1,271,184	1,098,743	172,441
Excess of Revenue Over (Under) Expenditures	\$0	\$0	\$98,095	(\$98,095)

See accompanying independent auditors' report.

City of Wagoner  
**BUDGET TO ACTUAL CONTINUED**

<u>PUBLIC WORKS FUND</u>		ANNUAL	AMMENDED										
		BUDGET	BUDGET	ACTUAL	VARIANCE								
Revenue Summary													
Total Revenue	\$	12,610,559	\$	12,610,559	\$	10,702,036	\$	1,908,523					
Expenditure Summary													
Water Plant		710,783		710,783		436,299		274,484					
Water Distribution		1,677,862		1,677,862		773,560		904,302					
Water Disposal		1,288,287		1,288,287		1,042,299		245,988					
Water Disposal Distribution		653,466		653,466		335,340		318,126					
Electric Distribution		7,157,280		7,157,280		6,209,383		947,897					
Electric Office		519,508		519,508		389,156		130,352					
Shop		199,716		199,716		165,888		33,828					
Inventory Control		62,393		62,393		55,011		7,382					
Brush Department		341,264		341,264		190,698		150,566					
Bad Debt		0		0		43,228		(43,228)					
Depreciation		0		0		540,288		(540,288)					
Interest Expense		0		0		93,110		(93,110)					
Total Expenditures		12,610,559		12,610,559		10,274,260		2,336,299					
Revenues Over (Under) Expenditures						\$	-	\$	-	\$	427,776	\$	(427,776)

See accompanying independent auditors' report.